

26 September 2019

MEMORANDUM TO FILE

From: Contract Specialist Code 22530
To: Contract File
Via: Contracting Officer Code 22530
Subj: N6600118C0365 / P00001 Exercise, Increase Ceiling/Value, Fully Fund Option Period 1, PWS Revision
Ref: (a) Pursuant to FAR 43.103(a) Bilateral Modification
(b) FAR clause 52.217-9


1. Background:

• **Award:**

The subject Cost Plus Fixed Fee (CPFF) completion, non-severable 8(a) contract was awarded to Redhorse Corporation. The scope of the effort is to provide research and development to explore the application of natural language processing techniques, technologies, and methodologies to support the management of Science & Technology (S&T) investment portfolios in order to improve Department of Defense (DOD) warfighting capabilities. This effort will consider commercial "software as a service (SaaS)" technologies such as IBM Watson and may also consider open source technologies or emerging approaches, as appropriate. This effort will illustrate the value, cost and feasibility of implementing such an approach at the enterprise level.

The end goal of the tasking, for each period of this effort, is to deliver phased modules (module 1 for base period, module 2 for option 1 and module 3 for option 2) as detailed in the Performance Work Statement (PWS).

The award utilized the following CLIN structure:

		<u>Period of Performance</u>	Total CPFF
Base	CLIN 0001	9/28/2018 – 9/27/2019	
	CLIN 0002		
Option 1	CLIN 0003	9/28/2019 – 9/27/2020	
	CLIN 0004		
Option 2	CLIN 0005	9/28/2020 – 9/27/2021	
	CLIN 0006		

The award provided incremental funding for the base period CLIN 0001 with RDT&E funding expiring 9/30/2018.

2. Current Action – Modification P00001:

• **Purpose & Background:**

○ Exercise Option 1:

This modification exercises option period 1 CLINs 0003/0004 and fully funds CLIN 0003 with RDT&E funds expiring 9/30/2020.

The technical code initially notified the contract specialist (CS) of the intent to exercise option period 1 via email dated 7/25/2019. The technical code also confirmed that the contractor is performing (b)(5) and confirmed other information in accordance with (IAW) FAR 17.2. The CS notified the contractor of intent to exercise the option via email dated 8/9/2019 (more than 30 days before option exercise date in accordance with FAR 52.217-9).

See the justification and determination for exercise of option section below for additional details IAW FAR 17.207(c), Part 6 and DFARS 217.207(c).

○ Within Scope Increase to Option 1:

The below table reflects the proposed within scope increase to option 1, which results in an overall increase to the contract, inclusive of options, but does not exceed the \$4 million limit for a direct/sole source 8(a) award:

ORIGINAL					
TOTAL FOR ALL YEARS		BASE YEAR	OPTION 1		OPTION 2
Cost	(b)(4)	Cost	(b)(4)	Cost	(b)(4)
Fee	(b)(4)	Fee	(b)(4)	Fee	(b)(4)
CPFF	(b)(4)	CPFF	(b)(4)	CPFF	(b)(4)
CHANGE					
TOTAL FOR ALL YEARS		BASE YEAR	OPTION 1		OPTION 2
Cost	(b)(4)	Cost	(b)(4)	Cost	(b)(4)
Fee	(b)(4)	Fee	(b)(4)	Fee	(b)(4)
CPFF	(b)(4)	CPFF	(b)(4)	CPFF	(b)(4)
REVISED					
TOTAL FOR ALL YEARS		BASE YEAR	OPTION 1		OPTION 2
Cost	(b)(4)	Cost	(b)(4)	Cost	(b)(4)
Fee	(b)(4)	Fee	(b)(4)	Fee	(b)(4)
CPFF	(b)(4)	CPFF	(b)(4)	CPFF	(b)(4)

(b)(4)

- Revised PWS:

This modification includes a revised PWS associated with the within scope increase for option 1 (PWS embedded within the contract). See the file for the tracked version of the revised PWS for details. While future changes to unexercised option 2 were discussed, the changes cannot be defined at this time as they are dependent on the outcome of option 1. Consequently, option 2 remains unchanged at this time.

- **Justification and Determination for Exercise of Option:**

IAW the terms of the option, FAR 17.207(c), Part 6 and DFARS 217.207(c), exercising the option is considered to be warranted for the following reasons:

- Adequate funds are available for the performance of the work;
- The requirement covered by the option fulfills an existing need for the Government;
- The exercise of the option has been determined to be the most advantageous method of fulfilling the Government's need, price and other factors considered;
- Consideration has been given to the Government's need for continuity of operations and the potential costs of disrupting operations;
- All costs associated with this option were evaluated at the time of award. For details concerning this evaluation, see the task order Pre/Post BCM located in the file. In addition, IAW FAR 17.207(d)(3), the time between the award of the task order containing the option and the exercise of this first option is short enough that it indicates the option price is the lowest price obtainable (not likely that a more advantageous offer would be obtained).
- In accordance with (IAW) FAR 52.202(a)(4), synopsis is not required when the action is authorized or required by statute (direct 8(a) award).
- As previously noted, the technical code confirmed that the contractor is performing (b)(5) There are no known issues.

h) The contractor does not appear on the list of Parties Excluded from Federal Procurement or Non-procurement Programs as verified through a search conducted in SAM. In addition, no adverse reports were found in FAPIIS.

i) The contractor's record in the SAM database is active and the contractor's Data Universal Numbering System (DUNS) number, Commercial and Government Entity (CAGE) code, name, and physical address are accurately reflected in the modification.

- VETS-4212 reporting compliance was confirmed by the contractor. See file.

- This modification will be issued bilaterally due to the option 1 ceiling/value increase and the associated PWS revision. All other terms and conditions remain unchanged.

(b)(6)

Tamara Cunningham